Norms for disinvestment of public sector units

1458. SHRI MANOJ BHATTACHARYA: Will the Minister of FINANCE be pleased to state:

(a) whether the Common Minimum Programme which is the basic charter of Government lays down specific norms for the privatization and disinvestment of public sector companies;

(b) if so, the details thereof;

(c) whether it is a fact that these norms have been followed more in breach than in observance; and

(d) if so, the details thereof and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The National Common Minimum Programme (NCMP) adopted by the Government outlines the policy of the Government with respect to the Public Sector, including disinvestment of Government's equity in Central Public Sector Enterprises (CPSEs). The salient features of NCMP in this regard are as follows:—

(i) The Government is committed to a strong and effective public sector whose social objectives are met by its commercial functioning. But for this, there is need for selectivity and a strategic focus. The Government is pledged to devolve full managerial and commercial autonomy to successful profit-making companies operating in a competitive environment. Generally profit-making companies will not be privatised.

(ii) All privatisations will be considered on a transparent and consultative case-by-case basis. The Government will retain existing "navratna" companies in the public sector while these companies raise resources from the capital market. While every effort will be made to modernize and restructure sick public sector companies and revive sick industry, chronically loss-making companies will either be sold-off, or closed, after all workers have got their legitimate dues and compensation. The Government will induct private industry to turn around companies that have potential for revival.

(iii) The Government believes that privatisation should increase competition, not decrease it. It will not support the emergence of and monopoly that only restricts competition. It also believes that there must be a direct link between privatisation and social needs — like, for example, the use of privatisation revenues for designated social sector schemes. Public sector companies and nationalized bank will be encouraged to enter the capital market to raise resources and offer new investment avenues to retail investors.

(c) No, Sir.

(d) Does not arise.

Simplification of information brochures for insurance products

1459. SHRIMATI BIMBA RAIKAR: Will the Minister of FINANCE be pleased to state:

(a) whether the KP Narsimhan Committee has recommended simplifying information brochures for insurance products devoid of jargon and technical terms;

(b) whether the Law Commission has suggested setting up of grievance cells and Insurance Appellate tribunals to look into complaints by policy holders; and

(c) whether the Narsimhan Committee observed that such grievance redressal mechanism would turn out to be costly for the common policy holders and will not be accessible to non-urban areas?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (c) The Narasimhan Committee was set up by the Insurance Regulatory and Development Authority (IRDA) to deliberate on the recommendations of the Law Commission to review the Insurance Act, 1938. It has submitted its report to IRDA in July, 2005. IRDA has placed this report in the public domain for comments of all stakeholders. IRDA is yet to submit its report to Government.

(b) Yes, Sir. The 190th Report of Law Commission has been laid on the Table of the House on 13.12.2004.